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**FISCAL IMPACT STATEMENT**

**LS 6938**

**BILL NUMBER:** HB 1709

**NOTE PREPARED:** Jan 23, 2005

**BILL AMENDED:**

**SUBJECT:** Public Safety Employee Survivor Insurance.

**FIRST AUTHOR:** Rep. Alderman

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill requires certain public employers to offer to provide and pay for health insurance coverage for the surviving spouse and dependent children of certain public safety employees who die in the line of duty.

**Effective Date:** July 1, 2005.

**Explanation of State Expenditures:** For the state, public safety employees include the state police, excise police officers of the Alcohol and Tobacco Commission, correctional officers of the Department of Correction, conservation enforcement officers of the Department of Natural Resources, and police officers of the state educational institutions. For other political subdivisions, public safety employees include town marshals, deputy town marshals, and county police officers. The bill would apply to all surviving spouses and dependent children meeting the requirements of the bill regardless of whether the line-of-duty death occurred prior to or after the effective date of the bill.

The cost to the state would be the cost of the state employee health benefit plans. The cost to local units would be the cost of the health insurance coverage provided to active employees. The maximum cost of the bill providing that 12 additional survivors become eligible is estimated to be approximately \$125,000 annually.

Currently, there are 12 known survivors who may qualify for insurance coverage under the bill. It is not known if these survivors are survivors of state or local employees who died in the line of duty. Three survivors are identified as children. Children are eligible for the healthcare benefit until the age of 18, the age of 23 if enrolled in and currently attending secondary school, or for the duration of the child's physical or mental disability. However, the ages of the identified children are unknown. Therefore, the estimated cost may be lower

depending upon the eligibility of these individuals. The minimum cost range would apply if all survivors select single coverage. The maximum cost range applies if all survivors, less the identified children, select family coverage.

Cost Estimate for State Health Insurance -

- (1) All survivors select state single coverage - Estimated cost would be approximately \$61,000 annually.
- (2) All survivors select family coverage, identified children assumed part of a family plan - The estimated cost would be approximately \$126,000 annually.

Cost Estimate for Local Buy-in to State Health Insurance -

- (1) All survivors select single coverage - The estimated cost would be approximately \$158,000 annually.
- (2) All survivors select family coverage, identified children assumed part of a family plan - The estimated cost would be approximately \$318,000 annually.

*Background Information:* Based on research by the Public Employees' Retirement Fund (PERF), there are 12 survivors of members who died in the line of duty who may be eligible. The cost ranges above are based on insurance coverage for 12 survivors. Health insurance cost estimates assume that survivors elect the most expensive coverage for state health insurance plans.

These estimates assume that the premium cost of single and family health insurance coverage provided by local units is equivalent to the highest single and family premium cost of the respective health plans. Premiums for health coverage provided by local units vary depending upon the size of the insured group and the claims experience of the group. Thus, actual expenses may be higher or lower than these estimates. Local units currently may buy into coverage equivalent to the state employee health plans.

The bill extends the provisions of P.L. 86-2003 to survivors of certain public safety officers who die in the line of duty. P.L. 86-2003 provides that the unit of local government that employed a member of the 1925 Police Pension Fund, the 1937 Firefighters' Pension Fund, the 1953 Police Pension Fund, or the 1977 Police Officers' and Firefighters' Pension Fund who dies in the line of duty must provide and pay for health insurance coverage for the member's surviving spouse and dependent children. The health insurance provided to a surviving spouse and child must be equal in coverage to that offered to active members.

The proposal adds a new group that includes the following:

- (1) a member of a fire department, other than a member described in:
  - (A) IC 36-8-7-12.3(g);
  - (B) IC 36-8-7-12.4(j);
  - (C) IC 36-8-8-13.9(d); or
  - (D) IC 36-8-8-14.1(h);
- (2) a member of a police department, other than a member described in:
  - (A) IC 36-8-6-9.7(f);
  - (B) IC 36-8-6-10.1(h);
  - (C) IC 36-8-7.5-13.7(h);
  - (D) IC 36-8-7.5-14.1(i);
  - (E) IC 36-8-8-13.9(d); or
  - (F) IC 36-8-8-14.1(h);
- (3) a correctional officer;
- (4) an excise police officer;

- (5) a conservation enforcement officer;
- (6) a town marshal;
- (7) a deputy town marshal;
- (8) a state police officer;
- (9) a county police officer, other than an officer described in IC36-8-10-16.5;
- (10) a county sheriff, other than a sheriff described in IC36-8-10-16.5; or
- (11) a member of a police department of a state educational institution.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** See *Explanation of State Expenditures*.

**Explanation of Local Revenues:**

**State Agencies Affected:** State Police, Alcohol and Tobacco Commission, Department of Natural Resources, Department of Correction, State Universities.

**Local Agencies Affected:** Counties, cities, and towns.

**Information Sources:** Health insurance rates for 2005; Tom Parker, PERF.

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